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THOUGHTS

EXPLANATORY OF

THE PRESSURE

EXPERIENCED BY

THE BRITISH AGRICULTURIST,

AND

MANUFACTURER.

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BY ONE OF BOTH VOCATIONS.

LONDON:
PRINTED FOR THOMAS CADELL, STRAND.

1829.

Printed by D. Walker and Sons,
Journal Office, Gloucester.

REMARKS and DEDUCTIONS.

Produce.—The increased produce of the first example, is obtained by a more productive system of crops, improved implements, and skill in the application of them.

The Consumption by Cultivators,—Though 5 bushels in the one, and only 4 in the other example, bears a *less proportion* to the whole produce in the first, than in the second, viz. $\frac{1}{5}$ and $\frac{1}{4}$

Conditions of Supply, &c.—In consequence of the increased taxation and outgoings, included in those of the first line, 20 portions of the produce are required to defray them, and only 12 in the other: still the former bear a less proportion to the *gross surplus,* as will be explained more fully under the next head.

Gross Surplus—Equals, in the first example, $25-5=20$ bushels; in the second, $15-4=11$ bushels: and as the sum of the surplus represents the quantum of disposable supply, and the sum of the conditions the quantum of cost at which it is obtained—the sum of the conditions of supply, divided by the sum of the gross surplus, will give an expression of the comparative rates at which the vendible surplus, or supply, can be rendered at market. Thus, $\frac{20}{20}$ and $\frac{12}{11}$, or 11 and 12, express the comparative rates of the market supply, and inversely the comparative economy of production.

Rent.—The Proportion received by the Owner, is the same in both cases, viz. $\frac{1}{5}$; but his *portion* in the first is 5 bushels, and in the second only 3 bushels.

SECTION I.

APRIL, 1827.

THE Author of the following Observations has long been impressed with the idea, that Corn is produced more economically, or so as to be supplied or exchanged for less value, in England than in Poland. Without being versed in the nomenclature and theories of Political Economists, he was led to this conclusion by information incidentally gleaned from Polanders, which induced him to think, that the gross produce obtained from equal extents of land of average quality, in *a term of five or six years*, was greater in England than in Poland—that the portion of such produce retained by the Polander for the use of his soil, was a greater *proportion* of it than is reserved by the English Landowner—that the human and animal labour employed in the production and transport to market of a given quantity of corn, was defrayed by a less proportion of it in England than in Poland. With an equal or greater produce, and less subtraction from it by the cultivators, the gross *surplus* in England must necessarily be greater; and the elementary costs of production (excluding taxation and its contingencies,) being also defrayed by a less *proportion* of the produce, the exponent of the rate of

marketable supply will be a lower one, and the index of more economical production.*

Subjecting this opinion to the *measure of value* established by Mr. Malthus, in his Treatise under that title, it is fully supported and confirmed by it. According to the proposition of the enlightened author, the value of any commodity will be represented by the number of days' labour for which the commodity is exchanged in its ordinary state. The quarter of wheat at Dantzic is stated, in different authorities, to be sold at from 25*s.* to 33*s.*; say, the mean rate 29*s.* The wages of the day-labourer or serf, is caltulated to be from 8*d.* to 1*s.* per day. Assuming the mean rate 10*d.* we have $29\times12=\frac{348}{10}=34.8$ days' labour at Dantzic, as the equivalent of a quarter of wheat. In England, the quarter of wheat is at 56*s.* and the average of day labour (including parish allowance, in places where any portion of it is so defrayed,) taken at 1*s.* 9*d.* per day, as the mean of summer and winter labour and of labour within and without the influence of manufactories, we have $\frac{56\times12}{21}=32$ days' labour as its equivalent; or the relative elementary costs of wheat at Dantzic and in England, are as 34.8 to 32, the cost at the Polish mart exceeding the *English* more than $\frac{1}{11\text{th}}$.

For a series of years past, every tyro in political economy has deprecated the extended inclosure of

* See article *Gross Surplus*, in the Remarks and Deductions appended to the Illustration of the Produce of Land.

land in England, alledging, that the cultivation of the light or poor soils had been a great national bane, and a main cause of enhancing the price of corn, to the distress of the lower orders and the discouragement of trade. Through inattention to facts, undue weight has been given to this outcry, emanating from a correct principle erroneously applied. The greater portion of the light, miscalled poor soils, was taken into cultivation in consequence of the introduction of a new system of husbandry, more peculiarly applicable to them than to the heavy clay lands, previously considered to be the only productive soils. Land before incapable of growing wheat, was rendered productive of it by the mode of feeding off the preceding crops, and fertilized by a new system of husbandry and rotation of crops, and worked with much less labour than the heavy soils, it yielded a SURPLUS produce little inferior to them. So, in the use of water as a moving power, notwithstanding the immensely extended employment of it, the enhancement of the original sites of its adoption has been prevented, by the introduction of a newly modified application of its power, in the form of steam.

The validity of these observations is fully manifested, by a comparison made with Malthus's measure of value, between the elementary costs of producing corn a century ago, and at the present time. The cost at the present time, as before stated, is represented by 32 *days' labour*.

The average price of wheat, for the first 20 years of the 18th century, was rather less than £2 per quarter —let it be called 38*s*. and the wages of the labourer

rather below 1*s*. per day—but assuming that rate, the cost of a quarter of wheat is represented by..... 38
Subsequently to this period wheat is stated to have fallen in price to about 33*s*. per quarter, and the value was therefore represented by..... 33

2)71

Mean, (days' labour).... 35.5

☞ *See Malthus's Principles of Political Economy*, page 279.

Until these positions are disproved, we ought to pause in pursuing a theory and system of corn-laws, founded on the very opposite assumption. It is in vain to look to the opening of the corn trade, for a mitigation of the pressure which is experienced—our supply may be drawn from a market nominally cheaper, but in reality dearer. The Polander will not part with his corn without being indemnified for the taxes raised upon it in his own country; and the amount of indirect taxation heretofore levied upon the produce of our own land, must be replaced by direct imposts, in some form or other, for the maintenance of the revenue and payment of the public creditor. Our supply of food will, in this case, be obtained at a higher elementary cost of production, and with a greater superadded taxation.

The supposed extension of our trade by an increased barter of our manufactures for corn, is equally an illusion. We can only barter to the extent of our consumption of corn; and the whole of the manufacturer's supply is now procured by such an exchange.

The comparison in the first instance was made with Polish wheat, at the rate of the Dantzic market, in

order that the position might be placed in the strongest point of view; but evidently it should be valued at the rate at which it can be exchanged in the English market, and the item of freight included. According to tables in Lowe's Appendix, page 56, it is 7*s.* per quarter; and the price of Dantzic wheat, upon an average of 20 years, is quoted by him at 41*s.* per quarter, freight included. The comparison, therefore, upon this principle, will stand thus—Adding to the mean price before assumed of 29*s.* per quarter, 7*s.* freight, we have the cost in England 36*s.* per quarter, and $36 \times 12 = \frac{432}{10}$ 10*d.* a day's wages=43 days' labour.

And at the price of 4*s.* we have

$41 \times 12 = \frac{492}{10}$ = 49 days' labour.

Or at 1*s.* per day's wages $\frac{492}{12}$ = 41 ditto.

$2) \overline{90}$

$\overline{45}$ = 45 ditto.

Or, the relative costs of the supply of Polish and English wheat will be, at the rates of the first comparison,

45 Polish, 32 English, or Polish 40 per cent. of English cost in excess.

Or, at the rates of the second comparison,

43 Polish, 32 English, or Polish 34 per cent. in excess.

The question naturally presents itself, how, with such an inferior *labour* cost of supply, the money-price of wheat in England so much exceeds that of the Polish market? This difference is the consequence

of the greater proportion of money, or its representative, existing in England, compared with the numerical population, whereby each purchaser is enabled to defray the enhanced conditions of supply, occasioned by the effects of direct and indirect taxation. Besides the great accumulation of the precious metals in England, in consequence of powers of exporting exchangeable commodities, far beyond those possessed by Poland, she has introduced into her country, by the creation of her public stocks, a fund of much greater influence (inasmuch as it is of greater amount) than even her stock of the precious metals. The dividends from the public funds are equivalent in their functions to metallic money; they operate equally as an annual influx of bullion, to the same amount, at least in the home markets. They command an equal quantum of the measure of value, LABOUR; or, in other words, they are the representative of the quantum of labour and capital which have been put in action to produce them. However, this property or power of the dividends, be it recollected, will be possessed by them only so long as that quantity of labour and capital is actually exerted and employed to provide and supply them, and, consequently, by producers, contributors to the support of our funds, otherwise it will be nugatory to the purpose in question. Labour and skill put into action in foreign states not within our controul, can only be rendered equivalent in this respect by imposts upon their products. Whenever, therefore, any portion of the gross surplus from the land now in cultivation is annihilated, it must be replaced by an equally in-

creased and *effective surplus* from manufacturing labour and capital, or the power of purchasing and multiplying demanders must cease to the same extent.

But upon the supposition of the food of the artizan being procured from a foreign state, the only source from whence such a surplus can arise, in the employment of manufacturing labour and exchange of its products, is the *profit* accruing thereon; and 20 per cent. upon the returns, it is conceived, will rather exceed than fall short of the rate of this profit upon the average of our manufactures. The principal article of these consisting of cotton goods, of which the wool and dyeing materials are foreign products, it is not improbable that 15 per cent. upon the returns may be a nearer exponent of it.

The annual produce from land *(see Lowe, p. 246,)* is estimated at £217,000,000: supposing a fourth of this amount to be actually consumed by the cultivators, there will remain, as the gross surplus of the land, 4)217,000,000*l.* —54,250,000*l.*=162,750,000*l.*

54,250,000

And this surplus, so long as it is absorbed by a productive consumption, either used for the sustenance of the productive labourer, or as a necessary supply to the population of the country, forms to its total amount an accession to our wealth—"an accession to the material objects necessary, useful, or agreeable to man, which have required some portion of human exertion to appropriate and produce."

To replace this amount by a surplus of 20 per cent. upon our returns, (and deducting from them the food of the workmen and the amount of the raw

materials, products of foreign states, a higher rate of surplus cannot be assumed,) the addition to our present exports must be 162,750,000×5=£813,750,000!!!

In whatever degree the present extent of our land culture be diminished, our exports must be increased in the proportion shewn by the above statement. Suppose a tenth of the land to be thrown out of cultivation, our exports must be *increased* to the amount of £81,000,000!! in order to maintain our national wealth at its present standard; in other words, our power of production and accumulation. Contemplate, therefore, to what extent our manufacturing system must be carried, to replace the productiveness of agriculture towards the national stock of wealth.

Were the substitution practicable, would our stores of fuel and other mineral products keep pace with such a rapid exhaustion? Without adverting to the moral consequences of the change, the impolicy of it is obvious; and as often as concession to such a measure is urged, the attention should be drawn to this striking contrast between the results of labour employed on land and in manufactures.

"Land yields a greater proportion of the neces-
"saries of life than is required for the maintenance
"of the persons employed on it." "The necessaries
"of life, when properly distributed, create their own
"demand, or raise up a number of demanders, in
"proportion to the quantity produced."

The creation of manufactures is not necessarily accompanied by either of these results and conditions. Manufacturing labour is without the power of main-

taining and creating demanders, and has a constant tendency to glut the market with its products.

But the great importance and utility of manufactories, as a *necessary auxiliary* in developing the full productive powers of a country, is exemplified in rendering this extended gross surplus from land available to the best advantage. Without our manufacturing population such a gross surplus could not be brought into productive use; it could not be exchanged with our neighbours; it is not in demand with them, not in estimation to induce any material sacrifice on their part to obtain it: but, by being worked up in the manufacturing of commodities prized and esteemed by our neighbours, they are induced to obtain them at a considerable sacrifice; and the otherwise redundant portion of the gross surplus is thus virtually exchanged, though in a different form, so as to give us great command of foreign produce, and add, in an eminent degree, to our accumulation of wealth.

Manufactures are most essential adjuncts, but are not a suitable foundation, on which the power and wealth of a great state ought to be based, or on which alone they can be long upheld.

Durable prosperity springs from the soil, and must be rooted in it.

The assimilation of Agriculture to Manufactures, frequently urged, does not appear to be well grounded; in both, it is said, the products are created by the skill and labour of man; and from this and other analogies identity is inferred.

Without examining how far they may be correctly placed in the same category, in a classification of knowledge, to the view of the Financier and Legislator, distinctions broad and definite present themselves, which cannot be too strongly insisted upon in the direction of the public weal. Besides, the very striking principle of difference before noticed, in pages 15 and 16, others equally influential will be found to exist, notwithstanding all endeavours to invalidate the distinction.

In the operations and processes of manufacture, man's agency is unremitted, and comparatively unassisted. They proceed no longer than it continues to be applied—withdrawn or suspended, their progress ceases, and they remain effete.

The conversion of ore into iron, goes on no longer than the fire is urged, or the machinery is kept in motion directly or indirectly by man; so with the change of the constituent materials into glass, and in every other manufacture.

In Agriculture, the most efficient and important modification in the whole process or art, occurs when the agency of man is suspended or withdrawn; it is produced by the co-operation of an invisible, but most active, power, giving to man's preparatory labour an efficiency and productiveness unknown in any process of manufacture.

When the seed is committed to the earth, it germinates, fructifies, *and is multiplied*, in a manner never experienced in any modification of manufacture —man being left at liberty, in the interval, to em-

ploy his faculties, in otherwise facilitating and promoting production.

Again, in Manufacture, there does not exist any power of re-production: from no portion of a bar of iron, can other similar bars be made: for that purpose, a proportional consumption of the constituents of bar iron, and a proportional deterioration of the instrument by which it is made, must take place*—there must be an exhaustion of the materials incorporated, and otherwise used, in the fabrication of bar iron.

The products of Agriculture are multiplied without an exhaustion of the original source of supply; the grains of corn can be multiplied *ad infinitum*, and the instrument of this re-production, the land, maintained in undiminished efficacy.†

* The current wear and tear susceptible of reparation, is not here spoken of. It may be considered in the same light as the manuring and renovation of land; but in the course of a few years, the whole instrument becomes inefficacious, and must be replaced by a further exhaustion of the original stock of materials from which it was constructed. Not so the soil; the elements co-operate with man, in the maintenance of its original fertility, unimpaired.

† Suppose valuations to be made of the fee-simple of the Carse of Gowrie, and of the iron district of South Wales, and the sums of both founded upon the annual rental and proceeds, together with a consideration for the capital, in timber, live stock, &c. in one, and for the unwrought minerals, &c. in the other—to be at this time equal: at an interval of 500 years another valuation is made, prices and the annual receipts having continued without alteration in the interim—the sums of the second valuation, in consequence of the exhaustion of the minerals, will differ widely, and that of the Carse of Gowrie will be found to exceed greatly the other—a similar difference to the results in these integral parts of the kingdom, will prevail proportionably in the two sources of wealth throughout the whole of it.

These are not subtile differences adduced for the speculation of the philosopher, but manifest and important principles of distinction, involving, in fact, the cause why, with a numerical population nearly equal, the gross surplus produce of our Agricultural labour exceeds so infinitely that of our Manufacturing labour—why power and wealth, emanating exclusively from a manufacturing community, must be of comparatively ephemeral duration, and the term of their existence necessarily shortened, in a ratio proportionate to the vigour with which they are called into action.

Such inherent and marked dissimilarities in the bearing and influence of these two branches of national industry, must be kept in view in enactments for their regulation; and legislation, without a due regard to them, cannot fail to prove impolitic and abortive.

SECTION II.

ILLUSTRATIONS

DEDUCED FROM

The Northumberland Household Book,
Anno 1512. *HENRY the VIII.*

OF THE

COMPARATIVE PRICES AND VALUE OF WHEAT,

AT THAT AND THE PRESENT TIME.

SINCE the preceding Observations were compiled, this curious document has been perused, and furnishes the following conclusive comparison:

A Nobleman, eminently distinguished by magnificence and taste, maintains an establishment of 160 persons, constant residents in the house, with many occasional followers, and in the permanent retinue has several individuals, gentlemen by birth and office, viz. the Comptroller, Chamberlain, Treasurer, &c. stations filled by Sir John Norton, and others, his equals, *(see page 27;)* eleven Priests, including a Doctor and Bachelor of Divinity; in short, the whole Knight's Table; and he is no less munificent in his charities,

comprehended also in his expenditure; the sum of which, according to page 291=£1400 per annum
to page 224= 1000

£2400

Average, ...£1200 per annum.

At the same time, the price of wheat, according to page 2=6*s.* 8*d.* per quarter
page 4=5*s.* 8*d.* per quarter

12*s.* 4*d.*—Average = 6*s.* 2*d.* per quarter.

N.B. Oats are cheaper now, relatively to wheat, than at the date of the Household Book; and a compensation regulated by the price of that corn, would be still more inadequate than derived from that of wheat.

At the rate of 6*s.* 2*d.* per quarter, the sum of the expenditure, £1200, is represented by 3891 quarters of wheat, or, with the equivalent of this quantity of wheat, the expenditure was defrayed at the period of the Household Book. At the present time, 3891 quarters of wheat, at 52*s.* per quarter, would command the sum of £10,116—a sum totally inadequate to the maintenance of the retinue and splendour of this magnificent Earl; or, in other words, as wealth, quite inferior in potency to the proceeds from a similar quantity of wheat in 1512.

Again—(*see pages* 45 *and* 46)—64 quarters of wheat=£20, were equivalent to the stipend of Gentlemen by birth and office, Sir John Norton and

others occupying the Knight's Table and fulfilling high duties.—64 quarters of wheat at this time, would not command in exchange more than £166 or £170—a very unsatisfactory stipend to such parties at the present day. The stipend of the superior Priest of the Chapel, a Doctor of Divinity, was defrayed by the equivalent of 16 quarters of wheat =£5. The same quantity of wheat would now procure for the Reverend Divine only £42, (a butler has more.) The wages for every *grome officer* of the Household was defrayed by the equivalent of 3½ quarters of wheat, equal now to only £9 2*s*. Who would be hired for these wages at this day?

A boy's wages, or child, as he is styled in the Book, were remunerated by two quarters of wheat, equal now to about £5 : 4*s*.

A fat Ox, 12*s*. 4*d*. (page 5,) was exchanged, at the date of the Book, for the equivalent of two quarters of wheat, which, at the present time, would not exceed £5 : 4*s*. for the price of *a fat beef!*

Sheep, 20*d*. *each*, (page 5,) or more than three and a half sheep, were required for the purchase of one quarter of wheat in 1512.—How different the ratio of value now!

Wine, (page 6,) £4 : 12*s*. 4*d*. per ton, or 14.8 quarters of wheat, were the equivalent of it; now the holder of wheat must give in exchange for it 20 or 30 quarters.

Shoeing of Horses, (page 24,) 2*s*. 8*d*. each horse for the whole year; so that two-fifths of a quarter of wheat was the equivalent. Supposing a horse to be shod

every six weeks, eight times per annum, and the set of shoes 4*s*. each, ... 32*s*.
and the removes,..... 16*s*. = 48*s*. or little short of a quarter of wheat.

Coals.—The ratio in the value of this item, and of wheat, is nearly the same at both periods—a curious fact, shewing that, notwithstanding the saving of labour by improved machinery in raising the coals, and by the more skilful working of the mines, the depreciation of wheat by more economical culture has kept pace with the reduced cost of fuel.

Can it be maintained in the face of these facts, that wheat bears now a higher value in respect of the enumerated stipends, wages, and commodities, than it did at the date of the Household Book? The reverse is demonstrably the case. The grower and vendor of wheat obtains for it now an equivalent, commanding in exchange infinitely less of skill, labour, and articles of barter, than in 1512.*

The comparison must completely refute the allegation, that the price of wheat has been *enhanced* by undue protection to the Landowner, and by the improvident cultivation of poor and sterile soils.

* The preceding quotation of the exchangeable values of wheat, adduced to disprove the allegation of its progressive enhancement, afford also an induction strongly corroborative of the position, that the untaxed conditions of supply in this country, at the present time, are below those of Poland.

At the date of the Household Book, the rate of supply of English corn was such as to be a sufficient bar to importation from Poland, without the aid of restriction: the existing rate is proved to be lower, and may therefore be correctly presumed to be inferior to the rate of supply from Poland.

Another inference will be no less evident to the Proprietor of the soil. The rent received by him for the use of his land—the rate at which his share of the national stock of wealth is valued—is fixed chiefly by reference to the price of wheat, most clearly a depreciated standard. His portion of the common stock is also diminished by another reduction not here manifested, but equally demonstrable—*a less proportion* of the gross produce of his land is allotted to him for the use of it.

Such is the comparative situation of the producer and owner of wheat at this time and in 1512; and yet he is upbraided with monopoly and undue participation in the *increased wealth* of the country. In truth, the crops from his land are now brought into the market for exchange, at a rate much below what they obtained before protection for the products of the soil became necessary. That necessity has been shown to arise from the operation of causes unconnected with any peculiar privilege of the Landowner —from causes inherent to the maintenance of the national wealth, at its present standard and elevation above the accumulation of the surrounding communities. Whether any augmentation of it can be effected by drawing our supplies from countries possessing less wealth, and appreciating money at a higher rate than can be done by the home producer, has been a question slightly adverted to in the preceding observations, and some of the effects likely to ensue from the measure noticed.

The investigation is deserving of more minute developement, and should exhibit the causes which

render such an unfettered traffic simultaneously advantageous to one class of producers, and ruinous to other branches of industry. The justice, expediency, and practicability of the measure, should be considered in reference to the predicament of the country at the time of its proposition, involving, consequently, the primary and comprehensive question, by what moral or social obligation the possessor of the soil can be called upon to sacrifice his portion of the common weal, in facilitating such an interchange? and how far this sacrifice will attain the end by which alone it can be justified—the permanent welfare of the realm?

SECTION III.

It has been clearly established, that the labourer in England can earn by a day's work a greater command of food than the Polander; and he must necessarily command by his labour a more economical supply of those manufactures and commodities which are or would be exported from this country to Poland, such as cotton goods, cloth, metallic utensils, the products of our colonies, &c. &c. Pursuant to Adam Smith's unexceptionable expression, "that a man is rich or "poor according to the degree in which he can afford "to enjoy the necessaries, conveniences, and amuse-"ments of human life," the English labourer must be pronounced to be a more wealthy or a richer man than the Polish labourer. The distress felt by him at this crisis, in various districts, proceeds from an insufficient demand for his labour, and not from the proportion of wages absorbed in procuring his quota of necessaries—this proportion being demonstrably less than must be expended in the acquisition of the same articles by the Polander.

Proof has also been given of the greater efficiency of the English land and cultivation beyond those of Poland; and that the excess of the *nominal rate* of the supplies from the former, arises, not from a cause extraneous to the comforts and conveniences of the manufacturing workman, but from one inseparably connected with them; in fact, from the employment

of labour conducive, even in a greater degree than his own, to the maintenance of the national wealth, and more particularly of the public funds; the burden of which, by the discontinuance of that labour, must press with aggravated force upon the manufacturing class of the community. Whatever portion of manufacturing labour is kept in action, or whatever portion of the products of that labour is purchased by the proceeds of this fund, the exchange, so long as the maintenance of the fund is a condition imposed upon the manufacturing workman, in common with his fellow-subjects, is one as advantageous as can be effected by him—the remuneration for his labour being secure, and, in so far as it is afterwards expended in purchases from the British Agriculturist, exchanged for supplies obtained at the lowest elementary costs. Thus, no part of the demand for his labour derived from this exchange, can be beneficially superseded.

It follows, therefore, that the quantum of labour to be put in action remaining undiminished, and a reduction in the conditions of its supply, and, consequently, in its price, impracticable under the existing levies raised upon it—the fund from which it is to be defrayed, must be upheld at its present amount; in other words, our dividends and rents, and, consequently, our taxes and our produce, from whence they flow. Such will not continue to be the case, in the event of the introduction of foreign produce to any considerable extent. By the substitution of Polish produce for that of English growth, the price and total amount of the latter must be diminished, and,

of course, the amount of the country's gross surplus and rents; indeed, without that result, the substitution would be nugatory. But it has been proved, that the rate of the vendible supply of the English produce, exclusive of the influence of taxation, involved in the conditions of its supply, is lower than the foreign; consequently, that the price of the foreign can only be less, by reason of the levies (contributions to our dividend fund) which are foregone upon it. Admitting these conclusions to be correct, with a constant tendency in the producers of commodities to increase in number faster than the sphere of demand for their labour can be extended, there is only one expedient by which the manufacturer can regain, and retain, an undiminished power of procuring the necessaries and conveniences of life—the introduction of more economical modes of manufacture, of more economical moving powers, or other improvements to the like effect.

In the course of the last century, by the application of steam power, of improved cotton, woollen, and flax spinning machinery, and the various mechanical and physical inventions and processes, almost concurrently introduced into our manufacturing establishments of the foregoing articles, and of our iron, pottery, and other commodities—the economy of our productive powers kept pace with our progressive accumulation of wealth and capital, and a corresponding outlet and demand for the products of our very enlarged industry, was preserved with few interruptions. The occasional checks to the prosperity of our manufacturing system, are caused by two inherent

and counteracting principles—the constant tendency of manufactured supplies to outstrip the demand for them, and the equally constant conjoint action of taxation and money accumulation, in producing modifications of its exchangeable value in different countries. Whenever the economy with which commodities are produced, by a country possessing superior skill and dexterity in manufactures, is counteracted by the difference between the exchangeable value of money in that country and in the marts supplied from it—the barrier opposed to the extension of its manufactories, so as to admit of the full employment of the increasing number of its manufacturing labourers, can be removed only by an addition to the money accumulations of the foreign customers, made through their own exertions; or by the reduction of our own money accumulation, or by a reduction in the elementary costs of our manufactures, so as to enable a greater portion of the inhabitants of foreign states to become demanders, without lessening the number in the home market.*

The operation of the first and last remedies is seldom felt to be severe; the check to the prosperity

* There is a striking illustration of the operation of these principles, in our export of cottons to the East India market. The day's labour of the Hindoo spinner and weaver, in consequence of the high value of money in India, is remunerated by 6*d.* instead of 3*s.* paid to the English artisan, in consequence of its inferior value here. We are, notwithstanding this difference in the relative money value of labour in the two countries, enabled, by the greater economy of our modes of manufacture, to export cottons to the India market. Should, however, money become of higher value there, or of still lower value in England, this traffic must cease, till the former relation in the respective values is restored, or an increased economy in our processes devised.

of our manufactories is only partial and short: during the period of the action of the second, stagnation and distress prevail at first in the manufacturing classes, and subsequently throughout the country. Unless, however, there is some important fallacy in the preceding observations, this pressure will not be alleviated by contracting the sphere of our most productive labour, for a dubious and temporary extension of a less productive branch of industry.

To continue to the existing population of England, the enjoyment and the present apportionment of the "material objects necessary, useful, or agreeable to "them;" in other words, the possession, collective and individual, of the same accumulation of wealth which is now concentrated within their country—undiminished labour must continue to be exerted, *under the rate of remuneration* now attached to it—whether the public debt and taxes exist or are cancelled—unless with the extinction of the debt, there is understood to be coupled the condition, that the portion of wealth of which it is the representative, and the command of products adherent to it, be in part annulled. The very proposition implies, that the same quantity of wealth must be accumulated within the same portion of the globe, and employed as productively, in order that the same command of foreign and home labour and products be retained within it. Were it possible to imagine the introduction of bullion to an extent that should enable every public creditor to receive the amount of his claim, and the debt be thereby discharged, still, so long as the amount were lodged or retained in this country, and the interest

upon it were derived from the productive powers of the country, the exertion of them must continue unabated, and the temporary suspension of them, from any cause, would equally entail privation as at present.

If the interest were not forthcoming, and the bullion were gradually distributed into other countries, in payment of their products and labour, the power of commanding these would be progressively lessened. The difficulty of adding to, or of retaining this stock of bullion would be equally great, and require the exertion of the same industry as is called into action to raise the supplies for the dividends of the public debt. Had the annual interest of our public debt been a tribute remitted to a foreign state, and consumed in it, the present re-action of the proceeds of the producer's labour upon the nominal rate of his products, would not have existed; there would have been an annual abstraction of value, and a diminished accumulation of wealth; and with it, of course, a diminution in the otherwise increasing power to purchase, which is now augmented by the portion of revenue annually converted into stock and capital. With an increasing stock of wealth, either the revenue from it must be reduced, or the sum of the produce of labour from which it is derived be increased. The first process is now proceeding in the reduction of the profits of capital, &c. &c.

Wealth, like electricity, or other pervading fluids of universal influence, has a constant tendency to diffuse itself and subside into equilibrio, and can only be confined in a state of high intensity, by an

equally powerful resisting agency—that of productive labour.

To remedy the evils arising from our commercial insulation, the system of free trade has been proposed; and unquestionably a predicament similar to that in which the country now stands, could not have occurred with an unrestricted international exchange: excessive or disproportionate accumulation is incompatible with such a principle of intercourse—equally so, however, a great concentration of power.

How sound and enlarged, therefore, ought to be the wisdom and circumspection guiding the endeavour to assimilate to such a state, a country occupying the station of this, with possessions, power, and wealth, produced by an opposite policy pursued through centuries, and so interwoven and engrafted in many instances with establishments and property, both public and private, as to be identified with their objects and value.

Such a change in the whole polity of our fiscal and commercial arrangements, ought not to be approached without the adoption of all the precautionary measures and preparations calculated to facilitate the transition, and to mollify the shock which, without them, may convulse the realm, and every proprietor within it.

SECTION IV.

*DEPRECIATION**

OF THE

Exchangeable Value of Money in this Country,

AND ITS INFLUENCE IN

OUR INTERNATIONAL INTERCOURSE,

EXEMPLIFIED.

THE nominal cheapness of corn in Poland and other corn districts, has been so long attributed to their supposed superior fertility and productiveness, that the mind receives with reluctance and distrust any other solution of the fact. By the removal of the illusion, also, a great portion of the public forego a remedy (the opening of the ports,) long contemplated as one of easy application, and effectual in alleviating the pressure upon our industry. The force of this prepossession may, perhaps, be obviated in some degree, and the effects and influence of our depreciation of the exchangeable value of money

* The term is felt to be exceptionable, and is adopted only in default of a more correct expression. In the monied prices of English produce is included a latent consideration, valueless to the subjects of another realm—a portion of adherent impost. To express the effect of this cause in our commutations into money, is the desideratum.

more clearly manifested, by a comparison, in which all the considerations connected with local contingencies are decidedly favourable to this country. The expence of carriage, or the charge incidental to the transport and conveyance of goods, presents the subject of such a comparison.

The traffic of this country is more extensive, affords more constant employment to the carrier, is less interrupted by the rigour of winter, or by obstructions in our internal intercourse, than that of any other state; and the rate of charge is reduced, by competition, to a minimum. By our best canals, 20 tons weight of goods are conveyed per boat, at the speed of about three miles per hour, by one horse and two men. Between Holland and the great marts of Germany, Nuremberg, Augsburg, Frankfort, Leipsig, &c. three tons only are conveyed at the same speed, by three horses and one man; or, for the transport of 20 tons, 20 horses and 6.6 men are required, together with six wains.

The costs of the instruments of conveyance, the boat and wains, may be considered nearly equal, and, to simplify calculation, are omitted in the following remarks. Now, the relative values of human and animal labour are nearly similar in both countries; and the cost of two men, of the description of boatmen and waggoners, may be taken as equal to the cost of one horse; so that the elementary costs of the moving power will be nearly as 2 to 23.

For the advantage or facility of canal conveyance enjoyed by the English carrier, he pays to the company affording it, a remuneration amounting to about

one-third of the charge levied on his customer, or about one-half of his own portion of it. This is an extra expence, enhancing the elementary cost of conveyance in England; so that the exponent of it will be increased to 3; and the ratio of 3 to 23 will express the elementary costs of carriage in the two countries, and would equally represent the corresponding charges for it, but for subsequent modifying causes, the subjects of investigation. The difference in the prices of corn, or food, is a primary one; and this has already been shewn to be, in fact, an effect of our depreciation of the exchangeable value of money, operating in a disguised form. Food is not, however, the sole constituent of the charge in question. The interest upon the carrier's advance or outlay, the remuneration for clothing in the man's wages, compensation for risk of accident, fiscal impositions, and similar constituents of the charge—bear a different, and, for the greater part, a less proportion in the English rate; still, allowing it to be enhanced by this cause, in the full proportion of the relative price of food, the exponent of the cost would only be increased two-fold, or say 6 to 23, or 1:3.8. Other discrepancies must therefore be sought, to raise the English or lower the German exponent, to a correspondence with the proportion of the actual charges in the two countries. These are understood to be for equal weights and distances, as 20 to 24, or 5 to 6; so that what is charged in England 5, and should be estimated in Germany according to the ratio of the modified elementary costs at 19, is charged there only 6—when reimbursed in money; the same nomi-

nal remuneration being of such a different exchangeable value or efficiency in England and Germany.

This distinction will be rendered apparent, by defraying the several charges or costs in each country, in portions of an equivalent medium of reimbursement. In the comparison of German money-prices with English, the appreciation is made in terms, though nominally equal, of very dissimilar value or efficiency from causes before noticed. The cost of conveying a ton of goods from Birmingham to London, is stated to be about 60*s*. and equals about 20 days labour of the boatman by whom conveyed; or, say, about $\frac{1}{18}$ of his yearly stipend. The charge is also compensated by $\frac{1}{70}$ or $\frac{1}{80}$ of the stipend of a clergyman, in the low scale of remuneration, or $\frac{1}{180}$ of the mean stipend of such a functionary, or $\frac{1}{1000}$ of the stipend of a dignitary of high class.

The relative charge for carriage of equal weights and distances in Germany, is about 72*s*. and 52 days of the waggoner's labour are required to defray it—or $\frac{1}{7}$ of his yearly stipend—or $\frac{1}{30}$ of the stipend of a German clergyman of the low scale of remuneration—or $\frac{1}{100}$ of a German medium clerical stipend—or $\frac{1}{290}$ of a German dignitary's stipend. Taking the mean of the English proportions at $\frac{1}{300}$, and of the German at $\frac{1}{90}$, we have a ratio of about 1 to 3.4; so that, when rated in portions of an equally valued and efficacious reimbursement, the charges are found to be more in accordance with the elementary costs, and

only vary from them when estimated without a due regard to the depreciation of the exchangeable value of money in this country. In this instance of carriage, therefore, though effected at such an inferior elementary cost in England, the great economy would be nearly annulled in the competition with the German, in a common mart; and in all cases of unrestricted competition, in which our productive powers cannot be applied with an economy surpassing that practised by our rivals, nearly in the ratio of 6.4 to 1, they will be superseded.*

A superiority to this extent must be maintained in the application of our skill and labour, in order to counteract the effects of our taxes and dividends, in their indirect operation in the enhancement of our food, and in the general adjustment of our money prices.

Did the obstacles to the extension of our manufactures and trade arise from an inferiority of energy, skill, or capital, the removal of them might be predicted; but the ample possession of the very boon sought to be increased by this extension—viz. our national opulence—frustrates the accomplishment of our endeavours, by the action of a principle inherent to the accumulation of wealth. Could the nominal

* An elementary cost of which the exponent is 23, would entail in England, a remunerating charge in the ratio of 5 : 3. of 38.3; but in Germany it is compensated by the charge of 6—thus 38.3 : 6 :: 6.4 : 1; so that the labour, time and other constituents of cost in an English product must be lessened in the ratio of 6.4 : 1, by greater skill and facilities in the application of them, or the remunerating charge for the commodity in the German mart will exceed the rate at which it can be there rendered by the producer in that country.

amount of this accumulation be diminished by an operation, leaving every possessor in the same relative station which he now occupies, and with the same auxiliary means of giving effect to his industry and labour, we might then look to open competition without alarm. It has, however, been already shewn, that such a modification, in the first stage of its progress, diminishes our command of foreign products—otherwise, disregarding this consequence by a simultaneous reduction of the public funds, mortgages, bonds, debts, stocks of bullion, rents, and all other proceeds of property, together with the representatives of it in every form—the exchangeable value of money would be raised in our appreciation of it, and the products of our industry, lowered in nominal amount, find an enlarged vent in foreign states.

The alternative appears now to be presented to our election—either to limit and curtail our productive powers, our expenditure, constant and incidental, and, with them, our national predominance; or, by an altered valuation of property and its proceeds throughout the empire, to restore to our money remuneration an efficiency more commensurate to that in other states, and thereby acquire the power of stimulating industry by enlarged demand.

REVIEW

OF

The ACTION and RESULTS

OF THE

PRECEDING PRINCIPLES

IN THE

Progress of the British Community.

SINCE the adoption of the Funding System, the exigencies of Government have been supplied, by inducing the holders of money to advance the sums required, in consideration of stipulated annuities secured upon the guarantee of Parliament. The advance is generally made in paper money, equivalent, however, for the purposes of internal intercourse, to metallic coin in all its functions, and readily convertible into bullion for the discharge of foreign claims. Of the money so advanced, the greater part is subsequently disbursed amongst the subjects of the realm, in payment of productive labour, skill, and materials. The amount is thus transferred from the deposits of the capitalist, to the productive classes of the community, stimulating in a high degree their skill and industry.

The influx of bullion, after the discovery of America, is admitted to have had a most powerful influence to the same effect; and the annual appropriation of an infinitely greater sum, to the excitement of industry, from whatever source derived, must be attended with similar consequences in an increased ratio. The productive powers of the nation became active, in a degree unexampled in history; and genius and talents, heretofore absorbed in the pursuits of abstract science, were directed to the improvement of the useful arts, and to the speculations of commerce. The advancement of both were proportionably accelerated, and they attained to a perfection and magnitude before unknown. It is not here a question, whether similar effects might not have been produced by different means; it is sufficient to shew, that such were the results of the pecuniary operations described.

Of £800,000,000, so raised, the greater portion has been thrown into the circulation of the country, through the same stimulating medium. The wealth created by the excited and extended industry, remained for the greater part within the country; and, from the character of the ambition of the parties by whom acquired, has been mainly employed in giving further extension to their means of production. The redundant commodities, after every corner of the country had been filled with the products of her industry, were exchanged with foreign states, and a most important addition made to our opulence by this traffic.

With such apparently advantageous results from the system described, the enquiry is naturally sug-

gested, why it cannot be pursued to an indefinite extent, and by what causes the continuation of it is limited?

In the results of political economy, as well as in the action of mechanical and physical powers, we may safely adopt the axiom, that action and re-action are equal; and it will be found to prevail in the present case.

Conformably to the stipulations before noticed, Government became responsible for the payment of annuities, to the amount of nearly £30,000,000 per annum; and this amount is so issued in quarterly payments, increasing thereby the revenue of the country, compared to its amount anterior to the introduction of the Funding System, nearly in an equal ratio. Admitting the population to be trebled or quadrupled within the contemplated period, the total nominal amount of the revenue has been increased, by this and other sources of concurrent augmentation, in a much greater degree; and each individual has the disposal of a greater quantity of money than at the commencement of the period; in other words, the means of giving a higher nominal price for a necessary of life, before he foregoes the purchase of it. Still, it is said, enhancement will have been prevented by the proportion of supply to demand continuing equal—true, were no fixed conditions of supply determining a minimum, inherent in the mode by which these stimulating issues of money are supplied. But by it the community becomes pledged to furnish, from the proceeds of its labour and capital, nearly £30,000,000 per annum to Government, ex-

clusive of the current expences of it—£20,000,000 more—together £50,000,000 per annum. Every portion of labour, skill, and material, exerted and fashioned for exchange, must be charged with a proportional contribution towards the redemption of this common pledge, before any surplus can accrue, effective for the maintenance of the individual by whom the labour is exerted and material fashioned. Here is, therefore, a constituent in the conditions of supply of every commodity, unsusceptible of abatement or modification by the efforts of skill or industry, so long as the national annuities and costs of Government are upheld at their present nominal amount, and the range of demand is circumscribed within its present limits.

The remuneration to the producer, must be adequate to defray the proportion of this constituent charge attaching to the sum of the immediate elementary costs, and to that involved in the price of the materials and tools required in the production of his commodity. If he parts with it without such an indemnification, he becomes an insolvent trader; and if the labourer parts with his labour without such a compensating remuneration, he becomes a pauper. Additional advances to Government, for stimulating industry by extended demand, entail an augmentation of the national annuities and enhancement of the fixed conditions of supply. This enhancement opposes an insuperable obstacle to an extended interchange of products with foreign states, and narrows even the existing range of demand for our commodities.

Thus, we arrive at an adequate counteraction, and at a barrier to the unlimited extension of a system producing, in the first instance, high excitation and great apparent prosperity.

A counteracting principle, the result of the complicated action of taxation and concomitantly increased revenue, will be necessarily disguised under intricate modifications; and, accordingly, in the preceding remarks, its latent operation has been shewn to paralyse our efforts by effects variously manifested, though emanating from a common cause.

Another collateral consequence of the Funding System is to be noticed. The enhancement in the conditions of supply, and of course of price, was detrimentally manifested in the first instance, in those products of which labour formed the main constituent, and with the least scope for counteracting the effects of the additional charge upon it, by the introduction of improved processes and machinery. Agriculture, Navigation, and the Arts, in which labour is employed in its simplest form, notwithstanding the introduction of great improvements, were first affected; their products and remunerating charges were advanced beyond the corresponding rates of countries exonerated from the levies comprehended in our prices. It was found in those arts, that our productive powers must be superseded by those of our less burthened rivals, or be protected by fiscal impositions charged upon *their* products.

The range of our profitable industry, unless where maintained by improved skill and facilities, or by extended protection, became progressively circumscribed

with the advance of taxation, till our labour and skill at length could no longer be brought into successful competition, excepting in conjunction with machinery of peculiar efficacy, and ingenious processes not practised by our rivals. This sphere of successful competition will be successively narrowed, as the peculiarities by which it is maintained become common to both parties, and the participation cannot be avoided.

From the earliest interference of foreign competition, those producers not affected by it, have contended for the right of drawing from our neighbours, free from countervailing imposts, the commodities offered by them; and the claim continues to be preferred to the present time. Unless, however, the principles enforced in the preceding observations are invalidated, the alledged policy and advantage of such an intercourse will not be realised by it, more especially in those commodities with elementary costs of production, (excluding the effects of taxation,) exceeding those of the same products in this country.

The total assessment upon a country cannot be supplied less onerously to the several branches of industry, than when derived from the co-operation of the most efficient producers. If the total of its annual imposts be divided by the sum of the annual production, a comparative exponent is obtained of the proportion of impost attaching to each portion of that production; and clearly, so long as the sum of the imposts remains undiminished, the value of the exponent can alone be reduced by an increased sum of production.

This result will not be effected by the substitution of labour and skill, of inferior efficiency to that employed in the creation of the present amount. Increased effect cannot ensue from a minor cause, be the result estimated in a proximate or remote operation of it.

The Polander's productive powers, relatively to the English Agriculturist's, have been shewn to stand in this predicament—the produce from an equal exertion of the skill and labour, human and animal, employed by him, being less in equal given periods. In all supplies, therefore, obtained from the Polander, to a higher elementary cost must be added his portion of taxes, and ultimately, in some form or other, those of our own country, together with charges for shipping, landing, freight, insurance, and increased expence of distribution, exclusively attaching to his produce. How can the substitution of a supply so obtained, give facility and extension to any particular branch of industry, unless relief be afforded to one class of the community, by throwing additional pressure on the others, through a new distribution of the whole burden? Were not the policy of the measure happily disproved, what would be the justice of it? Privation and misery are to be entailed on successive portions of the community, with the view of invigorating the productive powers of one class, by whom they can be continued in activity under increased taxation—the sufferers, degraded in the scale of society, having improved by their skill and energies their several arts, to the utmost degree permitted by the nature of them.

An increase of the national wealth, were even that to be a consequence of the sacrifice, would be unavailing to *them*, bereft of the means of obtaining a participation in it: they would also be victims to the attainment of a very ephemeral boon.*

Many have been the predictions as to the extent to which the Funding System could be carried; but in all, *amount*, instead of *proportion*, has been erroneously assumed for the basis of the opinion.

The ratio of the value of the stipulated annuities, to that of the total production of the country, fixes the limit. In the question, therefore, is involved the consideration of the comparative efficiency and economy of our productive powers beyond those of our competitors; and the unprecedented improvement in our machinery and processes, was not foreseen or contemplated at the period of these predictions This oversight, and the fallacy consequent upon it, has led to the equally erroneous inference, that the system might be pursued, without any insuperable obstacle, to an almost indefinite extent. But whenever the conditions of supply in our products are enhanced, by the contributions levied upon them for the payment of the dividends and expences of Government, to a rate precluding the exchange of them

* Freedom of trade, unrestricted intercourse, is understood to be advocated upon this fundamental principle—it is expedient that every article be obtained where most economically produced. In the predicament of this country, by opening the ports for the free admission of foreign commodities, we should in most instances be using products obtained with greater labour, and at a higher elementary cost, than our own. The result, therefore, would in reality, be inconsistent with the philosophy of Free Trade.

with foreign states, an impediment is opposed to the extension of the system; and the pressure successively entailed upon each branch of industry, in the struggle to maintain and enlarge its sphere of action, is a sure indication of our approach to the verge.

The British community possesses a greater stock of wealth than was ever before accumulated within an equal space with the power of obtaining, by exchange of products, a greater portion of the commodities of every part of the globe, than was ever commanded by an equal numerical population. An augmented share cannot be engrossed by them, till the ratio in which they surpass their rivals in knowledge, skill, and activity, is also increased, or the means devised of applying these requisites with greater effect. The elements of prosperity are abundant; an ameliorated distribution of them may possibly be fostered and promoted by the Legislature; but their power will be incompetent to remove the obstacle to further perseverance in the system which has been developed, otherwise than by the entire renovation of it.

The force by which extension is resisted, will become more intense at every advance—it cannot be overcome; but the source of its action may be annulled.

The benefits and evils of this operation, the dangers and precautions to be looked to in the adoption of it, whenever seriously contemplated, are of a magnitude and importance to demand exclusive attention, and beyond the sphere of these observations. *They* have been thrown together as the contribution

of an humble associate, in the endeavour to trace the causes by which our industry is disappointed of its expected reward, and to develope the latent principles of the disturbing force.

A correct knowledge of malady is the first step towards cure.

FINIS.